

AR79

Famous Players Canadian Corporation Limited

47th
ANNUAL REPORT
TO SHAREHOLDERS
1966



COVER: *The Park Royal,
dual auditorium theatre in the
Park Royal Shopping Centre,
West Vancouver, is another
outstanding addition to
Famous Players growing
number of modern cinemas.*

FAMOUS PLAYERS CANADIAN CORPORATION LIMITED

EXECUTIVE OFFICES: 130 BLOOR STREET WEST, TORONTO 5, CANADA

FAMOUS PLAYERS CANADIAN CORPORATION LIMITED

DIRECTORS

- BARNEY BALABAN** Chairman, Board of Directors, Paramount Pictures Corporation, New York, N.Y.
CHARLES G. BLUHDORN Chairman of the Board, Gulf & Western Industries, Inc., New York, N.Y.
R. W. BOLSTAD Toronto, Ontario
MARTIN S. DAVIS Executive Vice-President, Paramount Pictures Corporation, New York, N.Y.
HON. J. W. de B. FARRIS, Q.C. Senator of Canada, Vancouver, B.C.
DON F. GASTON Treasurer and Controller, Gulf & Western Industries, Inc., New York, N.Y.
ANGUS MacCUNN Toronto, Ontario
GASTON PRATTE Quebec, Que.
RT. HON. LOUIS S. ST-LAURENT, Q.C., LL.D., P.C. Quebec, Que.
HON. JOSEPH A. SULLIVAN, M.B., F.R.C.S. (C), Q.H.S. Senator of Canada, Toronto, Ontario

OFFICERS

- CHARLES G. BLUHDORN** Chairman of the Board
R. W. BOLSTAD President and Managing Director
GEORGE P. DESTOUNIS Executive Vice-President
ANGUS MacCUNN Senior Vice-President and Secretary
W. A. SUMMERVILLE Vice-President, Theatre Operations, Eastern Division
R. J. EVES Vice-President, Theatre Operations, Western Division
EUGENE E. FITZGIBBONS Vice-President, Communications Management
K. J. EASTON, P.Eng. Vice-President, Communications Operations
C. S. DOIDGE, B.Comm., C.A. Treasurer
R. F. BEAUVAIS Assistant-Secretary
J. A. TROYER Assistant-Secretary
JOSEPH P. WHYTE Assistant-Treasurer
T. W. NAYLOR Assistant-Treasurer
- TRANSFER AGENT
MONTREAL TRUST COMPANY Halifax, Montreal, Toronto, Winnipeg, Vancouver
- REGISTRAR
THE ROYAL TRUST COMPANY Halifax, Montreal, Toronto, Winnipeg, Vancouver

HEAD OFFICE DEPARTMENTS

130 BLOOR STREET WEST, TORONTO

T. W. NAYLOR Accounting

JOSEPH P. WHYTE Auditing

FRED A. MORLEY Insurance

J. L. PILON, B.A., LL.B. Legal

JAMES R. NAIRN Public Relations and Advertising

W. N. MURRAY Purchasing, Engineering and Maintenance

R. J. WIDDICOMBE, B.A. Real Estate

R. F. BEAUVAIS Secretarial

J. A. TROYER Statistical

BRIAN D. COYNE Manager, Communications Operations

THEATRE CONFECTIONS LIMITED

284 KING STREET EAST, TORONTO

J. J. FITZGIBBONS, JR. President and General Manager

FRANK C. TROY Vice-President

GERALD R. DILLON Ontario Division Manager

BRANCH MANAGERS

JAMES M. SPEIRAN Montreal

LIONEL W. GIBB Toronto

MURRAY J. SHERRIFF Winnipeg

WILLIAM J. GIGLIO Vancouver

JOHN DYMONT Toronto, Drive-In and Parks Concessions

THEATRE SUPERVISION

ALBERTA, SASKATCHEWAN and MANITOBA
Capitol Theatre Building, Winnipeg, Manitoba

JOHN FERGUSON Division Supervisor

E. E. NEWMAN District Manager

BRITISH COLUMBIA
719 Seymour Street, Vancouver, B.C.

MAYNARD S. JOINER Division Supervisor

DOUGLAS A. GOW District Manager

NEW BRUNSWICK and NOVA SCOTIA
Capitol Theatre Building, Halifax, Nova Scotia

LES E. MITCHELL District Manager

ONTARIO and QUEBEC
130 Bloor Street West, Toronto, Ontario

RUSSELL M. McKIBBIN District Manager and Executive
Assistant to Vice-President, Theatre
Operations, Eastern Division

DAN E. KRENDEL District Manager

MORT J. MARGOLIUS District Manager

GENERAL SOUND AND THEATRE EQUIPMENT LIMITED

7 BANIGAN DRIVE, TORONTO

LLOYD C. PEARSON President and General Manager

LORNE E. SMITH Comptroller

A. D. TURNBULL Chief Engineer

DISTRICT MANAGERS

R. WALTER MANN Winnipeg

CECIL L. JOHNSTON Saint John

JOHN K. KILCULLEN Montreal

RAYMOND L. TOWNSEND Vancouver

WILLIAM L. WALTERHOUSE Theatre Division, Toronto

PATRICK L. SHEA Communications Systems Division, Toronto

FAMOUS PLAYERS CANADIAN CORPORATION LIMITED AND SUBSIDIARY COMPANIES

FIVE YEAR REVIEW

	1966	1965	1964	1963	1962
Net earnings	\$ 3,078,716	\$ 2,432,040	\$ 2,243,671	\$ 2,039,287	\$ 2,667,449 (1)
Working capital	5,700,249	7,760,762	7,995,658	7,008,724	8,894,017
Notes, Mortgages and Investments in Affiliates	7,571,039	9,499,786	9,428,435	9,702,475	7,703,009
Total assets	40,856,474	34,942,896	33,912,378	33,232,248	32,674,295
Shareholders' equity	33,410,774	31,852,848	31,157,880	30,651,281	30,349,066
Net earnings per share	1.77	1.40	1.29	1.17	1.54 (1)
Dividends paid per share	1.20	1.00	1.00	1.00	1.00
Equity per share	19.23	18.34	17.94	17.65	17.47
Number of shareholders	5624	6287	6898	7418	7938
Number of theatres	308	304	296	305	314
Number of community antenna systems	21	16	15	13	7

(1) Includes profit on sale of fixed assets of \$865,370 (50 cents per share).

TO THE SHAREHOLDERS:

Your Directors are pleased to present the Forty-Seventh Annual Report of your Company.

The net profit for the year was \$3,078,716 or \$1.77 per share as compared to \$2,432,040 or \$1.40 per share in 1965. As in the past several years, the improvement in our results was due to several factors—a buoyant economy, somewhat higher admission prices and a better flow of box office attractions for our theatres. Also there was a larger contribution to net profits from our Confection and Equipment merchandising operations and from our investments in Television Companies and Community Antenna Systems.

The results of the United Amusement group of companies are included in our Consolidated Operating Statements for the last six months of the year. This actually meant very little difference to our final net profit for the year, because dividends received from this group of companies in the last six months of 1965 approximated our share of their profits in the last six months of 1966.

FINANCIAL POSITION

A Statement of the Source and Disposition of Funds for the year is included in this report. As you will note from this report, substantial additions were made to our Fixed Assets during the year and a cash outlay of \$2,749,096 was made for the acquisition of a majority share interest in United Amusement Corporation Limited. Notwithstanding these investments, our Financial Position continues to be strong, with net current assets at the year end of \$5,700,249 including cash and marketable securities of \$5,383,056. This is exclusive of notes and mortgages receiv-

able (due after one year) in the amount of \$1,431,520 which are well secured and marketable.

The shareholders' equity in the Company represented by capital stock and retained earnings increased during 1966 by \$1,557,926 and at the year end the net book value of each common share outstanding amounted to \$19.23 per share. Dividends of \$1.20 per share were paid during 1966 as compared to \$1.00 per share in 1965. The Consolidated Statement of Retained Earnings included in this report shows the changes that have taken place in this account during the year, including the changes arising from the inclusion of the United Amusement group of companies in our Consolidated Accounts as at July 2nd, 1966. Because of the long time that it is taking to bring the development of the Chromatic Color Television Tube to the point where it is marketable, we have considered it advisable to charge our investment in this tube to Retained Earnings.

Your Company's investment in shares of affiliated companies is carried on the Balance Sheet at \$3,432,762. Because United Amusement Corporation Limited is now a consolidated subsidiary, this item decreased by \$1,856,452 during the year. The underlying book value of the Net Tangible Assets of our investment in shares of affiliated companies at the year end is about \$6,000,000. Your Company's share of the net profits of all affiliated companies in 1966, which is not included in our consolidated profits, was about \$1,500,000, from which dividends were received of \$1,058,283.

PROPERTIES

At the year end your Company had an interest in 259 regular theatres and 49 drive-in theatres,

which is a net increase of four theatres during the year 1966. We acquired 11 new regular theatres including two which have twin auditoriums and three drive-ins including one twin drive-in theatre. We disposed of eight small regular theatres and one small drive-in, either by sale or expiration of leases and agreements.

We and our affiliated companies have a number of new theatre projects under way, the most important of which are —

A single auditorium theatre in the Avalon Mall Shopping Centre in Sain John's, Nfld., which will be open in the latter part of April.

A single auditorium theatre in the K-Mart Shopping Plaza in Lancaster, a suburb of St. John, N.B., which will also be open in April.

A single auditorium theatre in Stellarton, N.S., which will be operated jointly with Mr. Frank Sobey and which will be opened around the 1st of April.

A single auditorium theatre in Westmount Square, Montreal, Que., which we expect will open in the fall of 1967.

A dual auditorium theatre in the Greenfield Park Shopping Centre, which is located on the South shore of the St. Lawrence River, across from the Island of Montreal.

A single auditorium theatre in Scotia Square Centre in Halifax, N.S., which will probably not be completed until the latter part of 1968.

There are three new theatres planned for the Vancouver area, consisting of dual auditorium theatres in the Richmond Square and Brentwood Shopping Centres and a single auditorium theatre in the Denman Street project.

The completion of our new theatre in the Toronto Dominion Centre in Toronto has been

somewhat delayed and we now expect that this theatre will not be opened until the late fall of this year.

We have negotiations in progress for a number of other theatres at the present time, of which the shareholders will be advised from time to time in Interim Reports.

LEGISLATION

We regret to advise you that no progress has been made in our efforts to secure legislation to permit the operation of motion picture theatres on Sunday in those Provinces which still prohibit them completely or allow them only to a limited extent. Along with other theatre owners throughout the country, we are continuing our efforts to secure such legislation either on a Provincial or Municipal level.

OTHER INTERESTS

Our wholly owned subsidiary, Theatre Confections Limited, which supplies a complete confection service to our theatres and also operates concessions in arenas, parks and auditoriums, has shown a healthy growth in the development of direct sales of concession equipment and supplies, extending across Canada.

It is gratifying to note that in a world-wide annual competition in the Concession Industry, six of the eight awards were won by Theatre Confections' accounts, including the top award, "1966 Concession Idea Man Of The Year", which was won by Ivan Ackery, Manager of our Orpheum Theatre in Vancouver, B.C. This is a great tribute to the efforts of our personnel who directly participated.

Continuing to reflect the improvement in the

theatre equipment supply business because of new theatre construction and replacement of obsolete equipment in existing theatres, General Sound and Theatre Equipment Limited had a successful year. In the non-theatre field, it is gratifying to note that this Company has been awarded the contract to supply and install the sound system, projection equipment and seats in the new National Archives and Library Building in Ottawa for the Federal Government.

Among other interesting jobs that it will be completing during the current year is the installation of sound and projection equipment for the Steel Industry Pavilion at Expo 67, complete theatre equipment for The Man In Community exhibit at Expo 67, and a complete Altec and Northern Electric sound equipment installation for the New Students' Union Building in Edmonton.

The installation of sound and communications equipment has become an important part of General Sound's business, and during the past year it completed a substantial number of installations in hospitals, schools, colleges and department stores throughout Canada.

Associated Broadcasting Corporation Limited continues to make fine progress and is now providing background music by direct wire or by means of FM Multi Plexing facilities to more than 1,400 offices, hotels, factories, restaurants and banks in Ontario. It continues to be the largest Muzak franchise holder in the world and in market penetration it leads all other Muzak franchise holders.

The Airliner Motor Hotel Restaurant and Black Knight Tavern in Winnipeg, in which your Company has a 50% interest, enjoyed another successful year. As we advised you in our Interim

Reports, we are presently adding an additional 50 rooms to the hotel, which we hope to have completed in time for the Pan American Games, which are to be held in Winnipeg this summer.

In our last Annual Report, we referred to the fact that there had been an overall increase in attendance and income in our various Bowling Centres and that we were hopeful that this might be an indication that bowling was beginning to regain its former status as a profitable segment of the entertainment industry. We are pleased to advise that this improvement has accelerated in the current bowling season, which started in September, 1966.

TELEVISION

Television de Quebec (Canada) Limitee of Quebec City, which operates CFCM-TV (French Language) and CKMI-TV (English Language), enjoyed its most successful year of operation in 1966. CFCM-TV, as the independent French TV station in Quebec City, has been competing effectively with the CBC French Network station in the market for the past three years and is the leading station in the Quebec City market. According to the survey taken by the Bureau of Broadcast Measurement in the fall of 1966, CFCM-TV is rated seventh in the country on the basis of households delivered in prime time and was surpassed only by those TV stations located in the cities of Montreal and Toronto.

Central Ontario Television Limited of Kitchener, Ontario, which operates Television Station CKCO-TV and Radio Station CKKW, operated profitably in 1966. CKCO-TV, as an affiliate of the CTV Television Network, continues to improve its audience ratings despite its unique position of being in the most competitive market in

Canada with eight reportable TV stations in its Kitchener-Waterloo market area.

This company received approval from the Board of Broadcast Governors in 1966 to establish an FM radio service which is scheduled to commence commercial operation in April of this year with the call letters CFCA-FM on 105.3 megacycles and a transmitting power of 100,000 watts ERP. FM radio, in the last three years, has shown signs of becoming a young giant in the radio industry and it is estimated that the homes with FM radios in CFCA-FM's coverage area is approximately forty percent vs. the national coverage of about thirty percent.

British Columbia Television Broadcasting System Ltd., which operates station CHAN-TV in Vancouver and CHEK-TV in Victoria, had a successful year in 1966. The company's management anticipates that the operating results for 1967 will exceed the good performance of last year.

CJOH-TV Ottawa and CJSS-TV Cornwall, operated by Bushnell TV Co. Limited in Ottawa, Ontario, enjoyed its most successful year of operation during 1966. Despite the loss of revenue from production of the National News, formerly produced for the CTV Network which now originates in Toronto, we have every reason to believe that this company will turn in a commendable performance in 1967.

Your Company holds a 50% interest in Television de Quebec (Canada) Limitee, Quebec City; 48% in Central Ontario Television Limited, Kitchener; 12.39% of the voting common shares, 11.17% of the non-voting common shares and 24.59% of the preferred shares in British Columbia Television Broadcasting System Ltd., Van-

couver, and a net equity of 8⅓% in Bushnell TV Co. Limited, Ottawa.

COMMUNITY ANTENNA SYSTEMS

Community Antenna Television systems provide a master antenna service for television signals not normally receivable due to problems of distance and terrain and/or high rise buildings located in metropolitan cities. This involves installation of special (co-axial) cable running from an antenna normally erected on a tall tower, hill or mountain where TV signals are strongest to the homes of the area served. Without CATV, people living in many areas would be deprived of a clear multi-channel TV service, especially those homes with colour sets where improved, or the best reception possible, is a must. For supplying this service there is usually an installation charge for connecting subscribers to the main cable and a monthly fee for supplying antenna service as well as FM music.

Your Company now holds an interest in twenty-one companies operating these systems. These are listed separately in this report under the heading of "Community Antenna Associates".

Of these companies, three have systems being developed in the cities of Winnipeg, Chatham and Ottawa which plan on being in operation sometime in 1967.

All of the companies in operation during 1966 are currently recording a cash profit position with the exception of Oshawa Cable TV Limited and Metro Cable TV Limited which commenced operation in the latter part of 1966 and are still in the process of development.

At the end of 1966, a total of 114,500 subscribers were receiving service on the various

CATV systems in which your Company holds an interest as compared to about 90,000 subscribers at the end of 1965. This does not include bulk contracts such as apartment buildings or hotels which are classified as individual contracts if they represent one billing. Bulk and/or commercial contracts at the end of 1966 represented 21,767 outlets vs. 16,746 outlets as of December 31, 1965, for a net gain of 5,021.

The Company's equity in the number of subscribers on service represents about 56% or 64,120 subscribers of the 114,500 subscriber total at the year end.

MOTION PICTURE PRODUCTION

We are pleased to tell you about some of the outstanding attractions that will be shown in our theatres in the coming months.

From Paramount, our chief supplier, comes Otto Preminger's *HURRY SUNDOWN*, starring Michael Caine, Jane Fonda and Diahann Carroll; the Broadway stage success *BAREFOOT IN THE PARK*, featuring Jane Fonda, Robert Redford and Mildred Natwick; *EL DORADO*, a western drama starring John Wayne and Robert Mitchum, directed by Howard Hawkes; Ivan Tors' *AFRICA TEXAS STYLE* starring John Mills, and the ever popular Elvis Presley in his newest musical *EASY COME, EASY GO*. The above indicates much stronger releases from this Company than we have had in recent years.

Twentieth Century-Fox, "The Road Show Company" is currently showing *THE SOUND OF MUSIC* in many of our theatres. This picture is now in its third year of uninterrupted showing in Toronto. *THE BIBLE* is an outstanding success in Toronto, Montreal and Vancouver, and

the Academy Award nominated *SAND PEBBLES* for best film of the year, which we are also playing currently in Toronto, Montreal and Vancouver shows every indication of being another success. In addition, Fox will release *TWO FOR THE ROAD*, a comedy starring Audrey Hepburn and Albert Finney, on which the advance review is excellent; *IN LIKE FLINT*, a spy thriller starring James Coburn and Lee J. Cobb; *GUIDE FOR A MARRIED MAN*, a comedy featuring Walter Matthau and Inger Stevens and *CAPRICE*, starring Doris Day and Richard Harris. These other forthcoming Fox pictures indicate that this Company will have a variety of pictures for every taste.

Warner Bros. offers *HOTEL* with Rod Taylor, Merle Oberon and Melvyn Douglas from the best seller by Canada's Arthur Hailey; *COOL HAND LUKE*, an action drama featuring Paul Newman; an adventure story titled *TRIPLE CROSS*, starring Christopher Plummer, Romy Schneider and Claudine Auger and *NAKED RUNNER*, a suspense drama with Frank Sinatra. Sandy Dennis stars in a most timely and controversial subject called *UP THE DOWN STAIRCASE*, and the current smash success in England *THE FAMILY WAY*, starring father and daughter, John and Hayley Mills which is doing outstanding business in England, is another forthcoming release.

From M.G.M. in current release is *BLOW-UP*, starring Vanessa Redgrave and David Hemmings. This picture has been highly acclaimed and very successful in its initial engagements and was nominated for several Academy Awards. The reserved seat attraction *DR. ZHIVAGO* is completing its first year in Toronto and continues to attract large audiences in every engagement. *GRAND PRIX*, also a reserved seat attraction is doing excellently

in initial engagements. Tony Curtis stars in a comedy titled DON'T MAKE WAVES, and Elvis Presley and Annette Day star in a musical comedy, DOUBLE TROUBLE. Soon to be released as a reserved seat attraction in 70 m.m. is one of the best films ever produced in the history of motion pictures, GONE WITH THE WIND.

Walt Disney's Company will release to us during the vacation period, THE GNOMOBILE, a fanciful tale starring Walter Brennan, Ed Wynn and Cindy Sebring, and one of his biggest attractions of former years, SNOW WHITE AND THE SEVEN DWARFS.

Columbia will release CASINO ROYALE, a spy thriller with a superb cast, including Peter Sellers, Ursula Andress, David Niven and Orson Welles. In current releases that Company has three outstanding attractions, GEORGY GIRL, A MAN FOR ALL SEASONS and TAMING OF THE SHREW. Coming is LUV, starring Jack Lemmon and TO SIR WITH LOVE, starring Sidney Poitier.

United Artists' current attraction HAWAII is continuing its engagement successfully in Toronto, Montreal and Vancouver. Coming is the new James Bond thriller YOU ONLY LIVE TWICE, starring Sean Connery; HONEY POT, starring Rex Harrison and Susan Hayward and the Broadway success HOW TO SUCCEED IN BUSINESS WITHOUT REALLY TRYING.

Universal will release to us in Toronto and Montreal as a Road Show attraction, THOROUGHLY MODERN MILLIE, which stars Julie Andrews, Mary Tyler Moore, Carol Channing, John Gavin, James Fox and Beatrice Lillie. We have every reason to believe that this will be the outstanding summer success attraction. Charlie

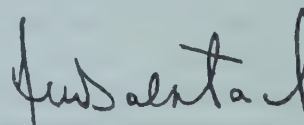
Chaplin produced and directed COUNTESS FROM HONG KONG, starring Sophia Loren and Marlon Brando. Also coming up is THE WAR WAGON, a western, starring John Wayne and Kirk Douglas.

The above attractions are the highlights of the coming months. Your Company has also contracted for the Fall and Christmas seasons, the reserved seat attractions DOCTOR DOOLITTLE from Fox; CAMELOT from Warner Bros.; THE HAPPIEST MILLIONAIRE from Disney and HALF A SIXPENCE from Paramount.

Conclusion

The thing that pulls people together in an organization is a sense of purpose. In your Company we consider that sense of purpose to be the art of "getting things done". Any summary of our achievements in 1966 would therefore not be complete if we did not pay tribute to the men and women, employees and associates throughout the organization for the assistance they have given your Directors and Officers.

On behalf of the Board



President and Managing Director

March 20th, 1967.

FAMOUS PLAYERS CANADIAN CORPORATION LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF EARNINGS

	<u>FISCAL YEAR ENDED</u>	
	December 31 1966	January 1 1966
Theatre admissions (excluding amusement taxes), confection and equipment sales and other income (Note 1)	\$35,925,399	\$28,347,758
Theatre operating expenses, cost of goods sold and administration	30,454,131	24,515,067
Operating profit before the undernoted items	5,471,268	3,832,691
Dividends received	1,180,313	1,024,583
Interest earned and profit on sale of securities	412,690	423,119
	7,064,271	5,280,393
Depreciation	1,634,830	1,120,830
Share of profits to minority interests	327,481	255,404
	1,962,311	1,376,234
Earnings before income taxes	5,101,960	3,904,159
Income taxes	2,023,244	1,472,119
Net earnings for the year	<u>\$ 3,078,716</u>	<u>\$ 2,432,040</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	<u>FISCAL YEAR ENDED</u>	
	December 31 1966	January 1 1966
Balance at beginning of year	\$21,087,958	\$20,392,990
Net earnings for the year	3,078,716	2,432,040
	24,166,674	22,825,030
Dividends paid (1966—\$1.20 per share; 1965—\$1.00 per share)	2,084,486	1,737,072
	22,082,188	21,087,958
Prepaid royalties written off	350,000	—
	21,732,188	21,087,958
Share of earnings to July 2nd, 1966 of subsidiaries consolidated for the first time (Note 1)	\$2,639,257	
Less — Premium on acquisition of shares of subsidiaries consolidated for the first time	<u>1,725,561</u>	
	913,696	—
Balance at end of year	<u>\$22,645,884</u>	<u>\$21,087,958</u>

FAMOUS PLAYERS CANADIAN CORPORATION

CONSOLIDATED

ASSETS

	December 31 1966	January 1 1966
CURRENT ASSETS:		
Cash	\$ 276,116	\$ 680,820
Short term investments	—	197,826
Marketable securities, at cost (market value December 31, 1966—\$5,107,024)	5,106,940	6,247,776
Receivables from affiliated companies	323,391	172,948
Other receivables	1,313,872	1,060,286
Inventories of merchandise, at the lower of cost and net realizable value	1,377,984	940,712
Prepaid expenses	807,622	257,202
	<u>9,205,925</u>	<u>9,557,570</u>
INVESTMENTS:		
Notes and mortgages receivable due after one year	1,431,520	1,290,151
Investment in shares of affiliated companies	3,432,762	5,289,214
Advances to affiliated companies	2,706,757	2,920,421
	<u>7,571,039</u>	<u>9,499,786</u>
FIXED ASSETS, at cost:		
Land	6,280,603	4,994,859
Buildings, equipment and leaseholds	50,985,987	34,990,761
Less—Accumulated depreciation	(33,427,760)	(24,484,374)
	<u>23,838,830</u>	<u>15,501,246</u>
OTHER ASSETS:		
Deposits and other items	240,680	384,294
	<u>\$40,856,474</u>	<u>\$34,942,896</u>

FAMOUS PLAYERS CANADIAN CORPORATION LIMITED AND SUBSIDIARY COMPANIES

**CONSOLIDATED STATEMENT OF SOURCE AND
DISPOSITION OF FUNDS**

	<u>FISCAL YEAR ENDED</u>	
	<u>December 31 1966</u>	<u>January 1 1966</u>
Source of funds:		
Net earnings for the year	\$ 3,078,716	\$ 2,432,040
Depreciation	1,634,830	1,120,830
Funds provided from operations	4,713,546	3,552,870
Increase in long term debt	206,747	—
Decrease in notes and mortgages receivable	125,799	603,012
Working capital at July 2, 1966 of subsidiary companies con- solidated for the first time (Note 1)	824,657	—
	<u>5,870,749</u>	<u>4,155,882</u>
Disposition of funds:		
Additions to fixed assets (net)	2,770,438	2,048,181
Investment in shares of and advances to affiliated companies ...	159,740	674,363
Additional investment in subsidiary companies consolidated for the first time (Note 1)	2,749,096	—
Dividends paid (1966—\$1.20 per share; 1965—\$1.00 per share)	2,084,486	1,737,072
Other items (net)	167,502	(68,838)
	<u>7,931,262</u>	<u>4,390,778</u>
Decrease in working capital	<u>\$ 2,060,513</u>	<u>\$ 234,896</u>

FAMOUS PLAYERS CANADIAN CORPORATION LIMITED AND SUBSIDIARY COMPANIES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1966**

1. During the year the Company purchased additional shares of United Amusement Corporation Limited thereby acquiring majority control of this company and certain other previously affiliated companies. The accounts of these subsidiaries have been included in the Consolidated Balance Sheet as at December 31, 1966, and their earnings reflected in the Consolidated Statement of Earnings from July 2, 1966. The Company's share of undistributed earnings of these subsidiaries up to July 2, 1966, has been recorded in the Consolidated Statement of Retained Earnings.
2. Long term debt of subsidiary companies:

5½ % First Closed Mortgage Sinking Fund Bonds due in 1968 . .	\$ 257,200
6% Mortgages payable in equal annual instalments 1967 to 1976	362,500
6% Bank loan payable in instalments 1967 to 1972	393,500
Other purchase obligations payable in instalments 1967 to 1972 .	305,308
	<u>1,318,508</u>
Less—Instalments due within one year	231,013
	<u><u>\$1,087,495</u></u>
3. The company is contingently liable with respect to guarantees of obligations of affiliated companies in the amount of approximately \$1,310,000 as at December 31, 1966.
4. Rentals payable under leases expiring more than three years from December 31, 1966 aggregate approximately \$725,000 per annum.
5. Remuneration of directors, as directors, officers, or employees amounted to \$162,450 in 1966 and \$167,700 in 1965.

AUDITORS' REPORT

Toronto

March 14, 1967.

To the Shareholders of

FAMOUS PLAYERS CANADIAN CORPORATION LIMITED:

We have examined the consolidated financial statements of Famous Players Canadian Corporation Limited and subsidiary companies as at December 31, 1966. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the consolidated financial position of the companies as at December 31, 1966 and the results of their operations and the source and disposition of their funds for the fiscal year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year.

A handwritten signature in cursive script, reading "Price Waterhouse", written in dark ink.

Chartered Accountants.

ASSOCIATES AND EXECUTIVE OFFICERS
FAMOUS PLAYERS CANADIAN

THEATRE ASSOCIATES

OF COMPANIES AFFILIATED WITH
CORPORATION LIMITED

ALBERTA

CALGARY

Calgary Theatres Ltd.
Mr. K. M. Leach

Sunset Drive-In Theatres Ltd.
Mr. J. R. Diamond

EDMONTON

Golden West Drive-In Theatres Limited
J. R. Diamond and William Stetsko

LETHBRIDGE

Lethbridge Theatres Ltd.
Mr. A. W. Shackleford and Sons
Mr. R. A. Thrall

LACOMBE, PONOKA and RED DEER
Messrs. Leonard, Donald, Gordon and
Harold Purnell and Mr. Edward Somshor

BRITISH COLUMBIA

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